

2009-10 GRANT PROPOSAL SOLICITATION

Air Quality Improvement Program (AQIP)

Hybrid Truck and Bus Voucher Incentive Project

Mobile Source Control Division
California Air Resources Board
August 31, 2009



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SUMMARY

The California Air Resources Board (ARB) is soliciting a Grantee for the \$20.4 million¹ Hybrid Truck and Bus Voucher Incentive Project (HVIP). The HVIP will help accelerate the deployment of approximately 800 new hybrid medium- and heavy-duty vehicles in California by providing vouchers for the purchase of eligible new hybrid trucks and buses. This project benefits the citizens of California by providing immediate air pollution emission reductions and stimulating development and deployment of the next generation of hybrid technologies.

This solicitation is open to individuals, federal, state, or local government entities or agencies, and organizations with California heavy-duty vehicle, vehicle incentive project, or air quality expertise. Specific requirements of the HVIP Grantee are described in this solicitation and in the Draft Implementation Manual found in Appendix B. Applications are due to ARB by September 30, 2009.

BACKGROUND

In 2007, Governor Schwarzenegger signed into law the *California Alternative and Renewable Fuel, Vehicle Technology, Clean Air, and Carbon Reduction Act of 2007* (AB 118, Statutes of 2007, Chapter 750). AB 118 created the Air Quality Improvement Program (AQIP), a voluntary incentive program administered by ARB to fund clean vehicle and equipment projects, air quality research, and/or workforce training. ARB's appropriation for AQIP projects in the fiscal year (FY) 2009-10 State Budget is \$42.3 million¹. Based on projected revenues for the AQIP in FY 2009-10, ARB estimates \$34.6 million will be available for grants.

In April 2009, ARB adopted the AQIP Guidelines and the AQIP Funding Plan for FY 2009-10 (Funding Plan). The AQIP Guidelines establish minimum administrative and implementation requirements for the AQIP, while the Funding Plan serves as the blueprint for expending FY 2009-10 AQIP funds. The Funding Plan focuses the AQIP on supporting development and deployment of the advanced technologies needed to meet California's longer-term, post 2020 air quality goals, and directs about 60 percent of FY 2009-10 AQIP funds to the HVIP.

The purpose of the Hybrid Truck and Bus Voucher Incentive Project (HVIP) is to offset about half of the incremental cost of eligible hybrid medium- and heavy-duty vehicles. This provides a public benefit by helping commercialize these technologies and support a critical ramp-up in production that is necessary to meeting California's clean air goals. The HVIP provides vouchers of up to \$45,000 on a first-come, first served basis for the purchase of an eligible new hybrid truck or bus. The HVIP will be administered and

¹ In the *AB118 Air Quality Improvement Program Funding Plan for Fiscal Year 2009-10*, the Board approved \$25 million for the HVIP based on a \$42.3 million appropriation for AQIP projects in the proposed State Budget. The Funding Plan included provisions to scale funding targets proportionally based on the final budget allocation. Projected revenue for the AQIP in FY 2009-10 is estimated to be \$34.6 million rather than \$42.3 million, so HVIP project funding has been adjusted to \$20.4 million.

implemented through a partnership between ARB and a third-party Grantee, selected via a competitive ARB grant solicitation. At least ninety-five percent of HVIP funding is for the purchase of new eligible hybrid vehicles, while up to five percent of HVIP funding is for Grantee administration and outreach. Hybrid truck and bus manufacturers, dealers, and purchasers will also play a key role in ensuring the success of the HVIP.

ELIGIBILITY

The ARB is soliciting applications for the HVIP. Individuals, federal, state, or local government entities, or organizations with California heavy-duty vehicle, vehicle incentive project, or air quality expertise are eligible to become the HVIP Grantee via this competitive solicitation. ARB may consider the nature and extent of any potential or apparent conflict of interest in evaluating each application. Hybrid truck or bus manufacturers or dealers are not eligible for this solicitation.

AVAILABLE FUNDING

The total funding available through this solicitation for the HVIP is up to \$20.4 million depending on availability of State funds. However, ARB reserves the right to increase the grant amount up to the \$25 million approved in the Funding Plan without rebidding for a Grantee if actual State revenues are higher than projected revenues. The grant amount will be reassessed no later than April 30, 2010. There is no minimum match funding requirement, but voluntary match funding will be considered in scoring the application. Funding is to be broken down as follows:

- Vouchers to eligible vehicle recipients up to \$19.38 million to be dispersed in amounts of up to \$45 thousand in accordance with the criteria identified in the Implementation Manual.
- Administrative Costs shall not exceed \$1.02 million.

ELIGIBLE PROJECTS/SCOPE OF WORK

The Grantee is responsible for the on-the-ground project implementation of distributing voucher payments for eligible vehicles, including the following tasks:

- Finalize the Implementation Manual for the HVIP (Implementation Manual) (Appendix B) in consultation with ARB.
- Conduct the public outreach necessary for the project to be successful. Outreach could include on-site dealer trainings and public question and answer sessions.
- Develop a user-friendly public webpage to:
 - Identify eligible vehicles and each vehicle's maximum voucher amount
 - Identify dealerships eligible to participate in the HVIP
 - Provide voucher request and redemption forms
 - Track total HVIP funds available and expended in real time

- Develop a fraud deterrent protocol in collaboration with ARB to prevent gaming of the HVIP or misuse of project funds.
- Work with vehicle manufacturers to create a list of dealerships authorized to receive HVIP vouchers.
- Use the criteria in the Implementation Manual to review and approve voucher requests.
- Distribute voucher payments to vehicle dealers for eligible vehicle purchases.
- Track reservation and expenditure of HVIP funding.
- Respond to public inquiries regarding the HVIP.
- Provide Status Reports to the ARB detailing vouchers awarded for ordered vehicles and redeemed for purchased vehicles. The grant agreement with the Grantee may specify an electronic format for reporting.
- Provide ARB with a HVIP Final Report that summarizes and evaluates total fund expenditures (including match and in-kind funds), vehicles funded, outreach efforts, and implementation challenges, and recommends potential program improvements.
- Provide ARB with all webpage(s), software or other intellectual property developed or purchased by the Grantee for the purposes of administering or implementing the HVIP (if requested).
- Provide ARB a mechanism for receiving three years of annual reports from vehicle purchasers.
- Meet all applicable requirements of State law, the AQIP Guidelines and Funding Plan, this solicitation, the HVIP Implementation Manual, and the HVIP grant agreement with ARB.

This solicitation is for a Grantee to distribute vouchers and implement the up to \$20.4 million HVIP approved by ARB as part of the FY 2009-10 AQIP Funding Plan. Should ARB approve additional funds for the HVIP in the FY 2010-11 Funding Plan, another solicitation must be held to select the Grantee for these additional HVIP funds. The Grantee selected via this solicitation may apply to implement the HVIP in subsequent funding years.

DEFINITIONS

HVIP definitions are included in Section 5 of Implementation Manual.

APPLICATION REQUIREMENTS

Eligible applicants must meet all applicable requirements of State law, the AQIP Guidelines and Funding Plan, and this solicitation. To be considered for the grant award, applicants must fully complete the project application and demonstrate that they meet the required solicitation elements. ARB shall not accept incomplete applications, and may request clarification regarding application responses during the application review process.

APPLICATION PROCESS

This application packet contains the forms and information necessary for submittal of a complete application. ARB shall select an HVIP Grantee in compliance with the AQIP Guidelines and applicable State law. The HVIP Grantee selection will be based upon the scoring criteria identified in this solicitation.

If you need this document in an alternate format or language, please contact Johanna Levine at (916) 324-6971 or jlevine@arb.ca.gov. TTY/TDD/Speech to Speech users may dial 711 for the California Relay Service.

Four signed original copies and one CD of the application, including all the required documents must be received at the Air Resources Board headquarters at 1001 I Street, Sacramento, CA 95812.

Applications submitted by U.S. Postal Service mail must be postmarked by September 30, 2009. Items delivered by UPS, Express Mail, Federal Express or another delivery service provider (other than U.S. Postal Service) must be received by the delivery service provider by September 30, 2009 at 5 p.m. (delivery service provider tracking number may be used to verify date of receipt). Applications must be mailed to the following address:

Johanna Levine
Air Resources Board
Mobile Source Control Division
1001 I Street, P.O. Box 2815
Sacramento, CA 95812

No applications may be submitted by fax or email.

Format Requirements

The ARB strongly encourages applications to be accurate, brief and clear. Applications will be initially screened for completeness.

Solicitation Timelines

Public Release of Solicitation	August 31, 2009
Solicitation Bidder Conference	September 16, 2009
Application Deadline	September 30, 2009 5:00 PM
Review/Rating of Applications	October 1-October 20, 2009
Grantee Selected	October 21, 2009

Timelines are subject to change at ARB's sole discretion.²

² ARB can not sign grant award agreements for the AQIP until the AB 118 Air Quality Improvement Program Guidelines have been approved by the Office of Administrative Law. Information regarding this regulation may be found at <http://www.arb.ca.gov/regact/2009/aqip09/aqip09.htm>.

EVALUATION AND SCORING

The ARB will evaluate each application based on the criteria described below. The maximum score is 100 points. The qualified applicant with the highest overall score will be selected as Grantee. The selected applicant will be required to sign a grant agreement with ARB to fulfill the duties of Grantee (See Appendix C for a Sample Grant Agreement). ARB reserves the right to resolicit for an HVIP Grantee or to direct HVIP funding to another project in the Funding Plan.

1. Expertise/experience to Successfully Implement the Project (maximum 25 points)

Scoring will be based upon the applicant's ability to successfully act as Grantee based upon its experience/expertise in and history of implementing similar incentive projects or working with hybrid truck and bus manufacturers, dealers, fleets, and other stakeholders.

Application Characteristics	Points Earned
Applicant lacks experience/expertise applicable to the project requested and/or lacks relevant experience handling similar large scale funding projects.	0 – 5 points
Applicant demonstrates experience/expertise to complete the tasks required of the HVIP Grantee and/or has some relevant experience successfully running similar large scale funding programs.	6 – 15 points
Applicant demonstrates extensive and strong experience/expertise required to effectively and successfully complete the tasks of HVIP Grantee and significant relevant experience successfully running similar large scale funding programs.	16 – 25 points

2. Project Budget (maximum 25 points)

Applicants must identify their proposed budget for completing the tasks of HVIP Grantee, consistent with the Draft Implementation Manual, their Project Implementation Plan (included as part of the application) and the requirements of this solicitation. The budget must include the total HVIP administrative funds requested, and a description of any applicable commitments for in-kind services and match funding.

In-kind services refer to goods or services contributed by the Grantee but not charged to the HVIP, which help to more effectively and efficiently meet the goals of the program. Match funding refers to funds contributed by the Grantee to the HVIP to fund eligible HVIP vehicles. An applicant may propose that match funding be used to fund vehicles as part of the HVIP in a specific California region only (such as an air district). Match funding does not include in-kind match (i.e. funding for other incentive projects, even if

for similar vehicles or technologies). See Appendix A, E-1 for a sample budget.

Application Characteristics	Points Earned
Budget is unclear, inconsistent with the Draft Implementation Manual, the applicant's Project Implementation Plan, and the requirements of this solicitation, or is insufficient to successfully complete the project. No or limited match funding or no or limited in-kind support is committed and the applicant is requesting the maximum allowable funding for HVIP administration and outreach.	0 – 5 points
Budget is relatively clear, detailed, consistent with the Draft Implementation Manual, the applicant's Project Implementation Plan, and the requirements of this solicitation, and is adequate to complete the project. Costs are represented clearly. Applicant commits to provide match funding or forgo HVIP administration and outreach funding (in match or potential administration and outreach funding) to be used for eligible vehicles. The applicant's commitment for in-kind support will enable the program to be marginally more effective and efficient.	6 - 15 points
Budget is very clear, detailed, consistent with the Draft Implementation Manual, the applicant's Project Implementation Plan, and the requirements of this solicitation, and is adequate to complete the project. Costs are represented clearly, and are appropriate for the level and quality of work to be performed. Applicant commits to provide match funding or forgo HVIP administration and outreach funding, providing a total of over \$500,000 (in match or potential administration and outreach funding) to be used for eligible vehicles. The applicant's commitment for in-kind support will enable the program to be significantly more effective and efficient.	16 - 25 points

3. Project Implementation Plan (maximum 15 points)

Applicants will be evaluated based on the completeness of their plan for implementing the HVIP, and the ability to complete the work in a timely manner.

Application Characteristics	Points Earned
Plan is unclear and/or does not provide the highest impact for the funding provided.	0 points
Plan is complete, provides sound recommendations for effective and efficient project development, implementation, and administration, and considers the budget.	1 – 7 points
Plan is sound and well organized, tailors recommendations creatively and appropriately to successfully implement the HVIP, provides recommendations for effective and efficient project development, implementation, and administration, and recommends high-impact activities that maximize the budget.	8 – 15 points

4. Resources to Implement the Project (maximum 15 points)

Scoring will be based upon the applicant's ability to successfully act as Grantee based upon their demonstrable staffing, infrastructure, funding, and other available resources.

Application Characteristics	Points Earned
The applicant has no demonstrated sufficient resources to successfully implement the project.	0 points
The applicant has demonstrated the minimum resources needed to implement the HVIP.	1 – 5 points
The applicant has clearly demonstrated sufficient staff, expertise, infrastructure and/or funding resources to successfully implement the HVIP.	6 – 15 points

5. Application Completeness (maximum 10 points)

Application Characteristics	Points Earned
The application is unclear or is missing key information.	0 – 5 points
The application is clear, concise, and includes all the required information.	6 – 10 points

6. Ability to Promote Use of Hybrid Vehicle Technology (maximum 5 points)

Application Characteristics	Points Earned
The applicant has a clear and effective plan for public outreach (as identified in the Project Implementation Plan) to ensure effective and efficient implementation of the project.	0 – 5 points

7. Contribution to Regional Air Quality Improvements (maximum 5 points)

Application Characteristics	Points Earned
The applicant has a plan for and the ability to target HVIP outreach in areas which are classified or proposed by ARB to be classified as extreme non-attainment of the federal 8-hour ozone standard (i.e. the South Coast and San Joaquin Valley Air Basins). This will be scored based upon the applicant's response to Parts C and D of the application.	0 – 5 points

MONITORING AND REPORTING REQUIREMENTS

The selected Grantee must submit Status Reports to ARB at least every three months containing at a minimum the following information:

- Number of voucher request forms received
- Number of vouchers and funding amount awarded broken out by GVWR, vehicle type, and California air basin.
- Remaining grant funding available
- Identified problems or concerns

DISBURSEMENT OF FUNDS

ARB is required to expend 100 percent of the funds available through this solicitation prior to June 30, 2012. ARB will provide the Grantee with funding for vehicle vouchers and project administration. The Grantee will receive ten percent of HVIP funding from ARB as seed money at project start-up in order to turn around voucher redemptions from dealers within one to two weeks. This seed funding includes up to fifty percent of the total allowable HVIP administration funding (see below), with the remainder of the ten percent of total HVIP funds to be used to redeem vehicle vouchers (see below).

Vehicle Voucher Funding

The Grantee will receive up to \$19.38 million to distribute as vouchers for eligible vehicles. After the initial distribution of HVIP funds for project start-up, ARB will provide adequate additional funds to the Grantee on a set schedule as needed to quickly and

efficiently redeem vouchers. The voucher assignment at the time a vehicle is ordered will serve as the justification for the Grantee to request additional funds from ARB. Adequate additional funds will be provided to the Grantee on a set schedule as needed to quickly and efficiently redeem vouchers. The voucher assignment to vehicle purchasers will serve as the justification for the Grantee to request additional funds from ARB.

Project Administration Funding

ARB will reimburse the Grantee for up to \$1.02 million or the amount committed in the Grantee's HVIP funding application, whichever is less, for project administration and outreach. The Grantee shall receive funding for project administration on the following schedule:

- 50 percent of project administration funds at the time the Grant Agreement is signed (for outreach, to develop the webpage, and other project start-up costs).
- 20 percent of administration funding after half of vehicle funding is expended, and the complete and accurate reports demonstrating fund expenditure for these vehicles have been supplied to ARB.
- 20 percent of administration funding after all vehicle funding is expended, the complete and accurate Status Reports demonstrating fund expenditure for these vehicles have been supplied to ARB, and the Grantee provides documentation describing expenditure of all match funding and in-kind services committed to in the project application.
- 10 percent of administration funding after ARB has received and approved the Grantee's mechanism for receiving vehicle annual activity reports, ARB has received all intellectual property and data needed to ensure continued smooth implementation of the HVIP (see Sections 4.4 and 4.5 of the Draft Implementation Manual), and ARB has received a Final Report documenting vehicles paid for and fulfillment of all project commitments.

With the exception of the initial 50 percent of administrative funding provided for project start-up, all administrative funding provided to the Program Manager shall be on a reimbursement basis and requires administrative cost summaries approved by ARB for completed tasks and/or eligible expenses. The Grantee must provide invoices for the first 50 percent of administration funding before additional administration funding will be provided.

Administrative cost summaries shall describe costs for work completed in the following categories: 1) labor expenses (including staff time and total labor costs); 2) external consultant fees for completed work (if applicable); 3) printing, mailing, travel, and other outreach expenses; and 4) indirect costs. Additional administrative cost categories may be provided to ARB if warranted. Documentation substantiating these costs must be maintained by the Grantee and provided to ARB upon request, as described in Section 4.6 of the HVIP Implementation Manual.

Additional information regarding disbursement of administration and vehicle voucher funding is provided in the HVIP Implementation Manual (See Section 4.2).

APPLICANT WORKSHOP

ARB will hold an Applicant Workshop and conference call at which time staff will be available to answer questions potential applicants may have regarding eligibility, application completion, and other issues. The Applicant Workshop and conference call will be at:

Place: CalEPA Building, CR 910
1001 I Street
Sacramento, CA 95812

Call-in Information:	Tel: 800-857-5054
	Passcode: 35483
Date:	September 16, 2009
Time:	9:30 AM - 12:00 PM

The workshop will be open to all interested entities. The above call-in phone number has been provided for those unavailable to attend in person. The intent of the workshop is to provide potential project applicants with an opportunity to ask clarifying questions regarding general application or applicant requirements or terminology definitions. Written questions submitted before the workshop will be given priority. Questions may be e-mailed to Mr. Joe Calavita at jcalavit@arb.ca.gov. Questions may be submitted up to 5 p.m. one day prior to the workshop. The questions and answers from the workshop and any questions received via e-mail by 5 p.m. on September 21, 2009 will be posted on the ARB website no later than 5 p.m. on September 22, 2009. Any verbal communication with an ARB employee concerning this solicitation is not binding on the State and shall in no way alter a specification, term or condition of the solicitation.

REQUIRED ELEMENTS

The application for the HVIP Grantee is included in Appendix A of this solicitation, and includes the following required elements:

- A. Applicant Information
- B. Applicant Qualifications
- C. Applicant Resources
- D. Project Implementation Plan
- E. Proposed Budget
- F. Conflict of Interest Declaration